NOV 25 63 LIBRARY

Vol. X, No. 46 HUMAN EVENTS November 18, 1953

DAMN THE ECONOMICS, FULL SPENDING AHEAD

By WILLIAM H. PETERSON

OF ALL THE CURIOUS ATTITUDES — pragmatism, statism, One-Worldism, etc. — that shape the thinking of today's "liberal" sophisticate, one attitude is especially bubble-headed; it is the attitude that government sovereignty reigns supreme over economic law as well as political law. The government, it is held, can suspend or even repeal the law of supply and demand. The dangers of inflation are strictly storybook. We must recognize inflation as a better way of life. Glorious deficit finance is here to stay.

Two types of this economic vacuumism dog us. One is sweeping, the other subtle. Both varieties are evident in the 83rd Congress, which will reconvene this January 4. The sweeping variety could be detected in the stock catch phrases of the social salvationists testifying for their fat give-away bills: "at all costs" or "at any price" should this or that welfare measure be enacted. Yet it is reasonable to ask, would not "any price" — say the price of freedom or the price of economic stability — be too high?

Senator Symington (D., Mo.) put forth a variety of this sweeping disregard of mere economics when he said: "You can't stop a Soviet bomber with a balanced budget." Would the Senator then argue that you can stop a Soviet bomber with an unbalanced budget? Such a Hobson's choice — atomic attack or deficit finance — is designed to ride herd over stubborn economic complications.

One full picture of sweeping economic vacuumism is the case of Secretary of Agriculture, Ezra Taft Benson. His entry on the stage suggested a man of courage and integrity, qualities uncommon in the general run of bureaucrats. On assuming office he said that high price supports were at best "disaster insurance" rather than the means "to encourage uneconomic production and result in continuing heavy surpluses and subsidies". He bravely told the farmers that they must contribute their share of the short-run sacrifice to "turn America back from an era of unbalanced budgets, of free spending, of inflation, of taxation that has reached confiscatory levels, of giveaway government programs that were steadily and surely undermining the moral and spiritual values of our people".

But some seven months later, in a major farm policy address, the Secretary asserted that existing farm programs "don't go far enough". These programs do not assure the farmer of an "equitable share of the national income". Apparently overcome by an attack of political expediency, he declared, "I have not become Secretary of Agriculture of the United States to sit idly by wringing my hands and let the farmer be squeezed by lowered farm prices and high fixed costs." By late September the political metamorphosis was about complete. Secretary Benson ordered his economists to probe charges of "ex-

Published weekly at 1835 K Street, N.W., Washington 6, D. C.
Copyright 1953 by HUMAN EVENTS, INC.

PRODUCED BY UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

cessive profit margins" of the major meat packers, oft-investigated scapegoats for unsuccessful intervention. Then came the Presidential announcement that high supports will *not* be dropped.

What forces impinged on the thinking of Secretary Benson to have wrought such a change-over? First, there was the pressure of powerful farm bloc figures. Congressman Hope (R., Kan.), chairman of the House agriculture committee, crassly told farmers during the swing of his committee through farm country: "We don't intend to do away with the present farm program unless we get something better." More economic vacuumism emanated from Senators Langer and Young (both R., N.D.) who blithely ignored the real source of the farm trouble, government intervention, but asked the President to dump the Secretary.

Then the wheat poll last August, however loaded, jolted the Secretary. The overwhelming endorsement for greater government controls along with high supports evidenced the changeover in the farmers, too. Gone was the old agrarian tradition of rugged independence and an aversion to charity. Instead, a caravan of angry stockmen converged on Washington and the embattled Secretary to demand price relief and still more government intervention.

TO WHAT END? In the teeth of obviously saner economics, the government is trying to travel two roads in opposite directions at the same time. On the one hand, the Department of Agriculture attempts to boost production without increasing farm investment, which would lead to lower costs and hence to lower prices for consumers. For example, Department scientists are perfecting a breed of cows which would give 876 pounds of butterfat annually instead of the usual average of 678 pounds. A hen has been developed under Department auspices which yields 212 eggs annually instead of the average 178, which means more production and lower prices.

On the other hand, the Department attempts to restrict production in order to prop up farm prices. Marketing orders and agreements (in conflict with our anti-monopoly laws, by the way), acreage restrictions and similar curtailments of output stem from an urgency to raise prices. But the higher the government drives prices the greater becomes the incentive for farmers to increase their output. Thus the government's restrictive policies have the opposite effect of increasing production, even though not so intended. The result is waste and chaos, which the government tries to pass off as a "policy".

Tampering with the law of supply and demand has created literally mountains of government-owned foodstuffs. Normal means of storage are no longer possible because of the emergency nature of the incoming flood of commodities. Caves, abandoned factories, oil tanks, schoolrooms, hangars, World War II merchant vessels, gymnasiums and even the open ground are being used. Costs for storage alone are estimated at half a million dollars a day.

PRODUCED BY UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

How much of this questionable investment spoils or is otherwise destroyed is not known. In the case of butter, Department of Agriculture officials concede that they have been forced to regrade substantial amounts of Grade A butter to Grade B, and then Grade B to Grade C. Even with the vast quantities of butter being consumed by the armed forces, government hospitals, government prisons, the school lunch program, etc., the butter stockpile, like Topsy, just grows. In April of 1953, the government inventory of butter was 125 million pounds. By July, the figure reached 178 million; by September, 200 million; by October, 278 million. The dairy industry finds itself host to government intervention in other ways — for example, cheddar cheese (government inventory in March, 1953, 75 million pounds; as of October, 215 million pounds) and dried milk (government inventory in March, 1953, 170 million pounds; as of October, 417 million pounds).

GOVERNMENT invervention is defeating itself in any number of ways. By propping up farm prices, the government reduces consumption and accelerates the search for substitutes. Certainly the increasing consumption of oleomargarine is traceable to the high support price of butter. It seems evident too that price disparities between subsidized cotton and its substitutes are largely responsible for the marked decline of the per capita consumption of cotton and the rise in the use of synthetic fibers. In the meantime government cotton inventories climb year by year.

The economist, Arthur H. Kantner, explains: "The significance of the cotton carryover is that, although our price-support level bolsters world prices, foreign nations sell below it when they see advantage in such action. . . . Exports of cotton cloth from the United States have suffered from ills brought on by these circumstances. From a peak of about 1,468,000,000 square yards in 1947, such exports have fallen to about 800,000,000 square yards."

The irony in this story is apparent. The government interventionist poses as friend and protector of the cotton grower. But the interventionist programs contribute to a decline of per capita cotton consumption, an increase in the use of the strongly competitive synthetic fibers, and the destruction of the farmer's overseas market. The cotton grower becomes the bewildered ward of the government, ready to cast his vote for the interventionist who promises most, regardless of consequences.

That interference with the workings of the free economy would spell confusion and waste was predicted many years ago by a wise President. In vetoing the forerunner of today's farm intervention, the McNary-Haugen Bill, Calvin Coolidge accurately anticipated the repercussions from which we now suffer:

> "It is impossible to provide by law for an assured success and prosperity for all those engaged in farming. . . . Government price-fixing, once started has alike no justice and no end. It is an economic folly from which this country has every right to be spared. . . . There is no reason why other industries — copper, coal, lumber, textiles and others — in every occasional difficulty should not re-

PRODUCED BY UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

ceive the same treatment by the government. Such action would establish bureaucracy on such a scale as to dominate not only the economic life but the moral, social, and political future of our people."

THE SECOND TYPE OF economic vacuity, the subtle and frequently inadvertent type, lies in the now rickety campaign promise of "economy". Of course, going back on the economy wagon after a spending binge lasting a generation is no easy trick. Still the citizen is understandably confused by the loud lip service to economy on the one hand, and the pyramided 1954 fiscal budget with the walloping four billion deficit, on the other. Yet who did the pyramiding — Fair Dealers? Well, not altogether.

Senators Butler and Beall (both R., Md.) asked the Senate Appropriations Committee to raise by $57,000 the House-approved figure of $98,000 for the National Capital Planning Commission. Rep. Barden (D., N.C.) successfully spearheaded an attack on the House floor to increase Labor Department funds for vocational education to $18.7 millions. But the Administration had asked for only $14 millions, the House Appropriations Committee raising it to $16 millions. Rep. Judd (R., Minn.) said he was embarrassed to ask for an additional $4.2 millions to continue a project deepening the Mississippi River at St. Anthony Falls, Minn. Yet, last year, he had asked for a "final" $1.7 millions stating that he would "not be back again for funds for this project" (originally estimated at $8 millions and now ticketed for $26 millions). These examples are painfully typical of many Republicans and Southern Democrats who stand for general economy but specific spending, who forget that economy begins at the grass roots.

Detours on the road back to economy are provided not only by politicians. The *Wall Street Journal* lamentingly notes that businessmen have trekked to Washington with palms upward. Limestone manufacturers sought larger appropriations for limestone-consuming soil conservation programs; shippers opposed the Administration's policy of cutting ship construction subsidies; officers of some of America's top firms appealed to the Senate to restore House cuts on a new census of business. And so on; as Calvin Coolidge predicted.

This past June 30, the fiscal 1953 ended $9.4 billions in the red, the greatest peacetime deficit in the history of the nation. Fiscal 1954 is heading in the same direction. What about fiscal 1955? Budget Director Dodge has his doubts about that year, too.

King Canute bade the tides halt. The tides rolled on. Are we to be engulfed by economic tides though the course to solvency and freedom is clearly charted? The laws of economics are inexorable. Damning them will not shunt them aside.

William H. Peterson is professor of economics at the Polytechnic Institute of Brooklyn.

Additional Copies: 6—1.00; 10—1.50; 50—5.50; 100—10.00; 500—15.00; 1,000—25.00. Quotations for larger quantities on request.

PRODUCED BY UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

HUMAN EVENTS

FRANK C. HANIGHEN, *Editor* FRANK CHODOROV, *Associate Editor*

Vol. X, No. 46 Wednesday, November 18, 1953 Washington, D. C.

NOV 25 53

Aftermath of Victory: As "liberal" newspapers concede the rout of Truman by J. Edgar Hoover and Attorney General Brownell, Washington asks — what next in the exposure of the Red plot? The Jenner Committee, after its brilliant job in the past twenty-four hours, might well seek to answer one highly important question: Who brought this Russian spy known as White into the U.S. Government?

This query has not been answered, although the official version is that Professor Viner, the monetary expert, introduced White into Federal Employment in the early Thirties. We learn from sources, who were in a position to know the facts at that time, that Viner was not the man, that the man who launched White on his extraordinary career in Government was none other than a famous Washington official David K. Niles, long a powerful White House aide under both Roosevelt and Truman.

There never was any secret made that Niles was in charge of "minority problems" nor that he acted for many years as liaison between the White House and the Communist Party. Niles, whose real name was Neyhus, came from Boston where he met White, who was born and raised there. Dubbed "Devious Dave", Niles certainly — all observers agree — had a "passion for anonymity", as it was often remarked in those New Deal days. He resigned from the White House staff about two years ago, with a warm letter of commendation from President Truman, and he died about a year ago.

Probing the trail of Niles in official and personal files would probably provide a satisfactory solution to a mystery which has baffled old observers in Washington, and which surrounds the very center of the whole Communists-in-government issue. The latter have always felt certain that someone on a high level helped the rise of such characters as Hiss and White, whose ascent to important places was too sure and rapid to suggest any other interpretation. Who was that person? Harry Hopkins and Mrs. Roosevelt were names often the subject of such speculation. Just as often, but very *sotto voce*, the name of Niles recurred.

Even otherwise relentless congressional probers remained too timid, despite much prodding, to look into the matter of Niles when he was living and to put him on the stand. It remains to be seen now whether they will tackle perhaps the most sensational of all investigations.

After Five Years: Whatever else may be said of the controversy raging since Brownell's speech, there is no controversy over one fact — that Harry D. White, once Assistant Secretary of Treasury, was a Soviet spy. Yet, it might be well to recall now that five years ago this charge resulted in torrid newspaper abuse of those who gave testimony to this effect. It might be wholesome now if some of the journals would read what they published five years ago.

For example, the *Washington Post*, now in the van of anti-McCarthy forces, in August, 1948, commented on the testimony which Elizabeth Bentley, confessed Communist, gave to a congressional committee. The *Post* editorially lambasted the committee inquiry as "reprehensible" and as a "circus of publicity by a muddle-headed and foolish woman who admits that a lack of truth was one of the principles she embraced when she became involved with 'the Communist espionage network'." The *Post* praised the criticism that congressional committees were "vying with each other in hoisting Elizabeth Bentley into a notoriety that in the light of her revealed character may not be entirely unwelcome. For what she has done the average reader will wonder why she is not before a grand jury answering one of a variety of possible charges."

Published weekly at 1835 K Street, N.W., Washington 6, D. C.
Copyright 1953 by HUMAN EVENTS, INC.

PRODUCED BY UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Then, the *Post* editors might well read the words of J. Edgar Hoover given in testimony in the last twenty-four hours. Hoover mentioned Miss Bentley who, he said, has been subjected to "the most searching of cross-examinations; her testimony has been evaluated by juries and reviewed by the courts and has been found to be accurate". And perhaps, then, the *Post* will accord the courtesy of an apology to this woman, five years later.

Hail to Hall: As we go to press, the President's statement about "no Communist issue in 1954" has reached the street. GOP politicos' faces fell when they read it because it seemed a cold douche after the happy victory of yesterday over Truman. Veteran observers here hastened to predict that almost all GOP members of Congress would run independently of the White House next year, if Ike continued to show such a chilly attitude toward the big issue of Communism. Then came GOP Chairman Len Hall's clever comment, verbally twisting Ike's statement into meaning a promise that all security risks will be ousted by 1954. But Hall also revealed himself as a statesman of a high order when he said: "Communism is the basic issue of our times. I am confident that not only in 1954 but for years to come the American people will not forget which party let Communists into the Government and which party drove them out."

Not Merely Gossip: Among those who see President Eisenhower, a number report that he talks about retiring in 1956. Now, it is usual for a President to adopt the position that he will not run again, but this phenomenon has never occurred so soon after election as in the case of Eisenhower. Some observers report that Ike finds his duties more onerous than expected and doesn't like the developing political friction which he apparently never anticipated. It is recalled now that originally Ike hoped that he would be nominated by both parties and would rule without any partisan trouble. Also, it is mentioned that he will be 66 when next a Presidential year rolls around. All such talk may eventually vanish, of course; but there's no doubt that many here are listening, discussing and speculating.

● The State Department has received a dismaying report from one of its staff who has just returned from New York after a sampling of public opinion on the subject of the United Nations. It has been supposed that, whatever the reaction against the international body in the rest of the country, New York would remain faithful to it. Not so — says the State Department functionary who reported that in all ranks of the population great discontent with and much criticism of the UN prevailed in New York City. The causes of this discontent, it seems, range all the way from anger at the presence of paid American Commies in the UN to disgruntled shopkeepers who complain that UN people aren't good customers. Whatever the cause, anti-UN sentiment is growing in the city where the international organization has its headquarters.

State Department Holdovers: A year has passed since the GOP victory at the polls and, as we recall it, the electorate developed hopes during the campaign that not only Acheson but all his crowd would be swept out of the State Department. Last July, we reported that such a hope had not been fulfilled. But we were cautioned to "wait a bit" and "give the guy a chance".

Today we receive a copy of the State Department telephone book, issued November, 1953, and we compare it with the edition published just a year ago the same month. Reluctantly we report that there's scant evidence of a cleanout, little to show that the bureaucrats who served and advised Acheson so well have been ousted.

True, examination of today's directory shows that the top positions there are occupied by new men, by Mr. Dulles, Walter Robertson, etc. But as we look through the numerous ranks of the "middle bureaucracy", the chiefs of numerous little divisions and sections, the men who write the reports and make the recommendations on which "those upstairs" act — the evidence is overwhelming that these men, who really run the State Department, are the same as those who assisted Mr. Acheson in forging the disastrous policies which bore his name.

PRODUCED BY UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Running down the important divisions in the classified section of the Department's phone directory, we note that the Policy Planning Staff contains three names, all veterans of the Acheson regime; and the division known as Executive Secretariat is the same. There is an Assistant Secretary for Congressional Relations. He is this year a former Republican (but New Deal Republican) Congressman, Thurston Morton. Last Spring GOP members complained that the State bureaucrats who came up to the hearings in the Capitol to ask for money were the same ones that they had seen year after year under the Democrats. These Congressmen were told to have a little patience. But as they are now listed in the November book, the very same ones will again next session mount the Hill to tell the Congressmen.

There's an Assistant Secretary of State for UN Affairs. Under him 6 out of 8 assistants are the same as a year ago. And one section — called UN Political & Security Affairs — is identically the same. Take the Legal Section. Apart from the top position, all assistants are the same as they were in November, 1952. These are the "experts" who plan the State Department strategy to defeat the Bricker Amendment. The same goes for the important Economic Affairs Division and the various geographical sections covering the whole world; etc., etc.

All this may be true, we hear it said, but aren't all these bureaucrats old veterans, having been in the State Department and Foreign Service since way back in the Twenties? Aren't they veteran technicians, civil servants with a passion for non-partisanship? The answer may be found in Professor James L. McCamy's book *The Administration of American Foreign Affairs* (1950) which showed that 77% of individuals in places of influence in the Department had been in the Department less than 5 years. The public has forgotten (but Washington hasn't) that after the war the Truman Administration literally dumped the personnel of such war-time agencies as Office of War Information (OWI), Foreign Economic Administration (FEA), Office of Strategic Services (OSS), and other odds and ends into the State Department, swelling its staff to truly imperial style. Many of these intruders were Commies, the overwhelming majority New Dealers. The Truman bosses blanketed these ranks into civil service.

In short, time for a change came and a year has passed, and still no change. If Undersecretary W. Bedell ("Beetle") Smith and Undersecretary for Administration Donald B. Lourie really wanted a change, they have not effected it and they must face a Congress next January which will want to know why.

Committee of One Million: A month ago we commented on the scant publicity given to a petition, circulated by former President Herbert Hoover and signed by many important personalities, expressing opposition to admission into the UN of the Red Chinese Republic. We learn now that the signatures have mounted to six figures and a committee has been formed to push the drive. Since many readers have written to us for more details, we are happy to offer the following information.

The organization is known as the Committee for One Million and copies of the petition may be obtained at its office at 36 W. 44th St., New York 36, N.Y. Its Steering Committee is headed by former Senator Warren Austin, Chairman; Joseph C. Grew; Walter H. Judd; John W. McCormack (Minority Leader, House of Representatives); H. Alexander Smith; John Sparkman; Charles Edison, Treasurer; Marvin Liebman, Secretary. The petition states eight reasons for opposition to the admission of Red China to the UN and winds up:

"Therefore, the undersigned Americans respectfully request the President of the United States that he defend the freedom and decency of the Free World by continuing firmly to oppose admission of the present so-called Chinese People's Republic to the United Nations. They express the wish that their petition be communicated to the United Nations and the hope that their appeal for peace and freedom will be heard and be supported by all freedom loving peoples and governments throughout the world." The Committee states that the petitions will be collected, bound, and then forwarded to the President as a "mass expression of the American people against the admission of Red China to the United Nations".

Entered as second class matter at the Post Office, Washington, D. C. Quotation up to a paragraph is permitted with credit to HUMAN EVENTS. For reproduction or more extensive quotation address requests to HUMAN EVENTS, 1835 K Street, N.W., Washington 6, D. C. Trial Subscription, three months for $3. Six months, $5.50. year, $12.00; foreign (regular mail) one year, $11. Foreign airmail six months, $6.00. Domestic airmail (including APO and FPO) one year, $12.00; foreign (regular mail) one year, $11. Foreign airmail rates on request. Please remit in U.S.A. DOLLARS. Allow two weeks for new subscription or change of address to become effective.

PRODUCED BY UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

DISCRIMINATION AT CHRISTMAS

Some of your friends would best like to be remembered this Christmas with a subscription to HUMAN EVENTS. Why? Because they are your friends.

As you are a reader of this publication, it can be assumed that you associate with people interested in public affairs. For them, you could not select a more appropriate gift. Not only will this commentary on the course of events appeal to them, but every week it will be a welcome reminder of an intellectual bond between you.

At least six of your friends are in this category. Below is space for six subscriptions; if you want to remember more, a letter will serve as a subscripiton blank.

Time is getting short. Send in your Christmas subscriptions now — and just before Christmas your friends will receive the first number, with proper notice, of course, that you are the cause of *its coming.*

Keep in mind, too, that whenever thereafter you meet with these people, conversation will be enlivened with some such remark as "according to HUMAN EVENTS . . ."

Christmas Gift Subscription Rates — 1953

Two or more 3-month subscriptions at $2.50 each; two or more 6-month subscriptions at $5.00 each; two or more annual subscriptions at $9.00 each.

A gift card, in your name, will accompany the first issue of each Christmas subscription. To make sure this card is properly inscribed, please indicate just how the inscription should read.

A $50.00 order entitles you to a free bound copy of HUMAN EVENTS for 1953 (regular price, $4.00).

Christmas Gift Order Blank

Name.....

Address.....

.....

INSCRIBE GIFT CARD ☐ 3 mo. ☐ 6 mo. ☐ 1 yr.

To.....

From.....

Name.....

Address.....

.....

INSCRIBE GIFT CARD ☐ 3 mo. ☐ 6 mo. ☐ 1 yr.

To.....

From.....

Name.....

Address.....

.....

INSCRIBE GIFT CARD ☐ 3 mo. ☐ 6 mo. ☐ 1 yr.

To.....

From.....

Name.....

Address.....

.....

INSCRIBE GIFT CARD ☐ 3 mo. ☐ 6 mo. ☐ 1 yr.

To.....

From.....

Name.....

Address.....

.....

INSCRIBE GIFT CARD ☐ 3 mo. ☐ 6 mo. ☐ 1 yr.

To.....

From.....

Name.....

Address.....

.....

INSCRIBE GIFT CARD ☐ 3 mo. ☐ 6 mo. ☐ 1 yr.

To.....

From.....

☐ Check enclosed. ☐ Bill in January.

Ordered by— Name..... Address.....

PRODUCED BY UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED